Energy Efficiency and Electric Infrastructure in the State of New Mexico

The simple choice for energy efficiency.

In any given state, there are a range of stakeholders well-positioned to contribute to the design and delivery of effective energy efficiency programming. This factsheet provides an overview of relevant entities in the state of New Mexico, along with highlights of state policies and practices related to energy efficiency. The entity types described and highlighted below are typically involved in electricity and/or energy efficiency related matters in states. Other important stakeholders such as trade associations, industry, and local businesses are not included as they vary significantly from state to state.

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Electric Market Overview

Electric Utilities
Privately- and publicly-owned electric utilities generate, transmit, distribute, and/or sell electricity primarily for use by the public. These include investor-owned electric utilities, municipal and state utilities, Federal electric utilities, and rural electric cooperatives.[1] The following summarizes electric utilities in New Mexico by type:

- *Investor-Owned Electric Utilities:*
  El Paso Electric: https://www.epelectric.com/
  Public Service Company of New Mexico: https://www.pnm.com/
  Southwestern Public Service Company (subsidiary of Xcel Energy): http://www.xcelenergy.com/
- *Member-Owned (Electric Cooperative):* New Mexico has 18 electric cooperatives, a number of which obtain poer from Tri-State Generation and Transmission
  Municipally-Owned/Publicly-Owned Utilities: New Mexico has 3 municipally- or publicly-owned electric systems in the state[2]

  Electric utility service areas (as available): http://www.dreamingnewmexico.org/energy/governance

Status of Electric Industry Restructuring
Vertically integrated utilities are responsible for generation, transmission and distribution of power to customers. In the 1990's, many states began to unbundle the electricity supply and distribution functions of investor-owned utilities on the theory that only the wires (the fixed network system) constituted a natural monopoly, while the generation of power did not. In states that have undergone restructuring, individual retail customers can choose their supplier but still receive delivery over the power lines of the local utility.[3]

- Restructuring was suspended in New Mexico. http://www.eia.gov/electricity/policies/restructuring/new_mexico.html

Regional Transmission Organization (RTO)/Independent System Operator(ISO)
About 60% of U.S. electric power supply is managed by RTOs or ISOs: independent, membership-based organizations that ensure reliability and usually manage the regional electric supply market for wholesale electric power. In the rest of the country, electricity systems are operated by individual utilities or utility holding companies. RTOs/ISOs engage in long-term planning that involves identifying effective, cost-efficient ways to ensure grid reliability and system-wide benefits. Coordination and cooperation between utilities, state PUCs and RTOs/ISOs is often required to advance energy efficiency goals.[4]

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[1] Source: EIA
[2] Source): EIA 2013 Form EIA-861 Utility Data (http://www.eia.gov/electricity/data/eia861/) and New Mexico Rural Electric Cooperatives (http://www.nmelectric.coop/nmcoops.php)
[3] Source: The Regulatory Assistance Project (RAP)
[4] Source: EPA Energy and Environment Guide to Action

- New Mexico is not part of an RTO or ISO. Only a small part of the state falls under the Southwest Power Pool (SPP): http://www.ferc.gov/industries/electric/indus-act/rto/spp.asp

Utility Oversight and Planning

Utility Oversight

Public utility commissions (PUCs) oversee goals, investments, and ratemaking for investor-owned electric utilities. Most of this oversight is conducted via specific regulatory proceedings. Municipally-owned utilities are governed by a local city council or an elected commission, and member-owned/cooperative utilities are governed by a board elected by members. In a few states, PUCs have oversight over some aspects of municipally and member-owned utility performance such as energy efficiency resource standards.[5]

- New Mexico Public Regulation Commission regulates the utilities to ensure fair and reasonable rates, and to assure reasonable and adequate services to the public as provided by law. http://www.nmprc.state.nm.us/
  The Efficient Use of Energy Act of 2005 directs utilities to develop and implement cost-effective demand-side management programs.

Integrated Resource/Procurement Planning

Integrated resource plans (IRPs) are utility plans for meeting forecasted annual peak and energy demand through a portfolio of supply-side and demand-side resources over a specified future period. As of early 2015, integrated resource planning is required or present in more than 30 states, including most vertically integrated/non restructured states. In states that are restructured, regulated distribution-only utilities may be required to develop procurement plans to service customers that do not choose a competitive retail supplier. Energy efficiency is considered as a demand-side resource but the degree to which it is included in resource/procurement planning is influenced by other factors including policies such as energy efficiency resource standards or requirements that all cost effective energy efficiency be considered.[6]

- Public Service Company of New Mexico's most recent IRP 2014-2033: https://www.pnm.com/documents/396023/396193/PNM+2014+IRP/bdccdd52-b0bc-480b-b1d6-cf76c408fdfc
- El Paso Electric's most recent IRP 2015: https://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=3&cad=rja&uact=8&ved=0CCgQFjACahUKEwjTwIPVnbbIAhVPRIgKHRAcCJU&url=https%3A%2F%2Fwww.epelectric.com%2Fdocument%2Fintegrated-resource-plan-2015-2034-07-16-2015&usg=AFQjCNE_fMsgRTB0bnV9IkMwnqQ3CohfcA&sig2=m1ie9V-HDz8nqlG6rBqnXw

Statewide Planning Process

States sometimes undertake executive or legislatively driven statewide energy planning processes. These plans may be completely independent of utilities or may explicitly engage utilities.

- New Mexico Clean Energy Plan 2015: http://www.naseo.org/Data/Sites/1/documents/stateenergyplans/EMNRD_EnergyPolicy.pdf

Energy Efficiency Potential Studies

Energy efficiency potential studies determine the amount of technical, economic, and achievable potential for energy efficiency in a region, state, or utility service territory. Energy efficiency potential studies may be undertaken by state agencies or energy efficiency advocacy organizations, or by utilities as part of or to inform compliance with a regulatory requirement. The following are recent energy efficiency potential studies:

- Energy Efficiency Potential Study for the State of New Mexico Volume 1 (2011): http://www.emnrd.state.nm.us/ECMD/Multimedia/documents/StateofNewMexicoEEPotentialStudy_Vol1ExecSummary.pdf

[5] Sources: EPA Energy and Environment Guide to Action and RAP

[6] Source: EPA Energy and Environment Guide to Action

- Energy Efficiency Potential Study for the State of New Mexico Volume 2 (2011): http://www.emnrd.state.nm.us/ECMD/Multimedia/documents/StateofNewMexicoEEPotentialStudy_Vol2ElectricEE.pdf
- The $20 Billion Bonanza: Best Practice Electric Utility Energy Efficiency Programs and Their Benefits for the Southwest: http://www.swenergy.org/Data/Sites/1/media/documents/publications/20BBonanza/20B_Bonanza-COMPLETE_REPORT-Web.pdf
- Incorporating Energy Efficiency into Western Interconnection Transmission Planning: http://emp.lbl.gov/sites/all/files/lbnl-6578e.pdf
- Tri-State System Wide Electric Energy Efficiency Potential Study – Volume 1 (2010): http://www.tristategt.org/EECPrograms/documents/TriState-Energy-Efficiency-Potential_Study-Volume-I.pdf

Energy Efficiency Policies/Activities

Statewide Clean Energy Policy/Energy Efficiency Energy Resource Standard(s)
Energy efficiency resource standards (EERSs) require obligated parties—usually regulated retail distributors of electricity—to meet a specific portion of their electricity demand through energy efficiency. As of March 2015, 27 states have some type of energy efficiency requirement or goal.[7]

- New Mexico has a mandatory energy efficiency resource standard for investor-owned electric utilities.

Current Utility-Administered Energy Efficiency Programs
Energy efficiency is regarded as an important utility resource with co-benefits that include reducing air pollution, saving customers on utility bills, and creating local jobs. While the majority of large-scale energy efficiency programs are funded by utility ratepayers, program administration may be by the utility, the state, an independently awarded program administrator or a combination of entities. Below are available links related to ratepayer-funded energy efficiency programs offered in the state[8]:

- *Program Administrator:* El Paso Electric: http://www.epesaver.com/, https://www.epelectric.com/nm/business/energy-efficiency, https://www.epelectric.com/nm/residential/energy-efficiency
  Most recent program filing: https://www.epelectric.com/investor-relations/regulatory-filings
  ENERGY STAR Partner since 2011
- *Program Administrator:* Public Service Company of New Mexico: https://www.pnm.com/bizrebates and https://www.pnm.com/rebates
  Most recent program filing: https://www.pnm.com/documents/396023/2036722/02_Executive+Summary.pdf/92024829-c8e7-449b-9de3-d4c187171688
  ENERGY STAR Partner since 2005
- *Program Administrator:* Southwestern Public Service Company a subsidiary of Xcel Energy: http://www.xcelenergy.com/Energy_Solutions/Residential_Solutions/Rebates_&_Energy_Savings
  Most recent program filing: http://www.xcelenergy.com/Company/Rates_&_Regulations/Filings
- *Program Administrator:* Central New Mexico Electric Cooperative: http://cnmec.org/index.php?page=rebates
  Most recent program filing: http://www.nmprc.state.nm.us/consumer-relations/company-directory/cooperatives/central-new-mexico-electric-coop/annual-reports/central-new-mexico-electric-2013.pdf

Other Key Stakeholders

State Air Office:

- New Mexico Environment Department Air Quality Bureau: https://www.env.nm.gov/aqb/

[7] Ibid.
[8] For other energy efficiency program offerings in the state, visit: http://programs.dsireusa.org/system/program?state=NM

State Energy Office:

- Energy Conservation and Management Division: http://www.emnrd.state.nm.us/ECMD/

Consumer Advocate(s)
Most states also have one or more consumer advocacy organizations. Consumer Advocates are often concerned with maintaining low rates and ensuring equitable treatment of all customer classes[9].

- Consumer Protection Division: http://www.nmag.gov/consumer-protection.aspx

Others Public Interest Groups
Groups representing environmental and other public interests are often involved in providing public input or technical expertise during regulatory proceedings or stakeholder processes. The following energy efficiency organizations/nonprofits are active in the state or region:

- Southwest Energy Efficiency Project (SWEEP): http://www.swenergy.org/
- Western Resource Advocates: www.westernresourceadvocates.org

[9] EPA Energy and Environment Guide to Action